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American individualism
versus European social...

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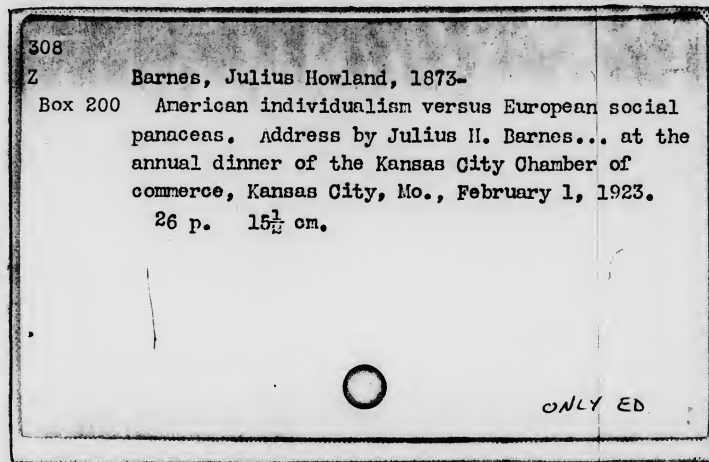
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American Individualism
versus
European Social Panaceas

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Address by
JULIUS H. BARNES
President, Chamber of Commerce
of the United States
at
The Annual Dinner
of the
Kansas City Chamber of Commerce
Kansas City, Mo.
February 1, 1923

American Individualism
versus
European Social Panaceas

These last few years in Europe have furnished much experience for our sober study and our guidance. In different countries and in varying degrees, social panaceas have been put into actual practice and the result is spread before the world.

The communism of Russia and the socialism of Germany and of Austria seem to have resulted in the utter wreckage of their industries, and lowered the living standards and destroyed the happiness of their peoples.

While this distinct recession has taken place in Europe under these theories of government, we have against that tendency, in America, maintained higher and higher the common living standards which by every test appear to justify our social and political philosophy of American individualism.

If we would be fair, however, we would soberly submit to analysis the tests by which we can ascertain the relative contribution to human progress and human

happiness which these conflicting theories have rendered. There are available standards of comparison accurate enough to furnish clear indication of trends and tendencies by which we can measure their value.

The great Southwest must be especially interested in maintaining intact against the injection of foreign theories of Government, those American relations which have created and maintained this prosperity in spite of certain peculiar disadvantages. For instance, the grain-raising territory of the Southwest lies hundreds of miles from a deep water port. The grain raisers of its competitor, the Argentine, are rarely above a single hundred miles from ocean carriage. Kansas City is farther from ocean loading than any city in Europe until one penetrates the interior of vast Russia as far as Moscow.

American farming must be maintained by labor in competition with the American standards of wages and living which prosperous American industry has established. The American farm owner has a right to expect an investment return and a standard of earnings comparable to that of any American industry requiring similar investment and similar ability in direction. If there is today and has been for two years a disparity of price relation which reflects in prejudice of oppor-

tunity against the American farmer, it is because of certain peculiar influences which time itself will certainly eliminate. The question is again pressing as to whether by intelligent effort and direction the correcting processes of time cannot be hastened with resulting advantages which would reach every American farm.

The most desirable correction of unfair price relation for the farm does not lie in high prices forced by scanty crops as in the case today of cotton. It lies rather in generous prices for full production, such prices established and maintained by a restoration of the buying-power of our chief customers of Europe. For instance, this is the situation in the four chief consuming countries of Europe and the situation which reflects directly back to every American grain raiser.

Germany has large statistical needs for import of American grain but can under certain pressure substitute other grains, potatoes and root crops, and this process has apparently been forced under economic pressure at home. A government policy of requisition of portions of home-grown crops at prices paid in native currency and therefore at a fraction of the necessary cost of import grain, eliminates the importing merchant altogether, for that is a competition which he cannot meet. The requirements of import grain

reduced thus by every device known rests then in the hands of unified government bodies. There is thus no stimulation which customarily follows the competition of private merchants with their differing views of values and supplies.

France also with large import needs, statistically estimated, forces by government regulation increased milling extraction and, the substitution of other grains, directly shrinking thus their normal requirements from America. With currency depreciation and the repercussion of reparations and other difficulties, the import merchants of France must venture cautiously indeed as to character and quantity of import grain in the protection of their own solvency. Individual merchants can not maintain a normal volume of transactions when to the ordinary hazards of rise and fall in grain prices there is added the greater hazard of the fluctuation of the currency prices in which they must buy and sell at home.

In Italy there exists almost the same condition as in France and the same effect in shrinking the apparent import requirements from abroad.

These three countries, Germany, France and Italy, require statistically more than half the overseas movement of food grains but by these peculiar condi-

tions, the direct outgrowth of the unsettled problems based on some solution of reparations, are altered in their relation to America from what should be their normal character of eager competitors for the product of American farms to hesitant and doubtful consumers instead.

When we turn to Great Britain whose dependence on overseas food grain is even more than that of any other country of Europe, we again find conditions prejudiced to American farm effort. Great Britain has put into effect a sane and rigid financial policy in contrast with much of Europe, and, taxing its people to their utmost endurance, nevertheless has worked its currency denomination back almost to the full gold parity.

Great Britain realizes that when she has succeeded in restoring the gold parity then or soon thereafter the flow of gold metal through the trade arteries of the world will quicken world trade as nothing else can do, as it automatically eliminates many of the hazards and menaces which now prevent or restrict merchants' operations.

Now, in that process of restoring the parity of her denominating currency in the markets of the world, one of her great problems has been how to discharge without wrecking that restoration the

obligations which she owes in war debts to America.

America will share with Great Britain the quickening of world trade in every department when the security of gold value in the settlement of international trade balances is restored. But America today injects an element of doubt in one of the chief phases of that restoration when it fails to agree most generously on the terms which translate a great overhanging cloud of Allied debts into a concrete and exact program which Great Britain, by sacrifice and effort, can probably discharge.

If it be true that a difference of one-half of one percent in the interest rate running over a long term of years prevents an agreement which would eliminate the hazard from overseas trade which the British debt to America now constitutes, and if that disagreement is a distrust of the vision and generosity of an American Congress, it is no credit either to our national sentiment or to our conception of national self-interest.

Under these conditions it is not to be wondered at that the requirements of Great Britain may be deflected to the grain markets of members of the British federation such as India, Australia and Canada and at the expense of American outlet.

At home, we have a substantial prosperity. Indications are that we can maintain that prosperity against almost any shock short of actual war. And on the basis of that full and adequate home consumption the American farm would quickly prosper if there should be restored in Europe the buying-power which could take freely of the export surplus which our whole system of agricultural production is based upon.

Doubtful and perplexing as is the present outlook abroad for the restoration of their buying-power, there are certain great trends which promise, perhaps, an early restoration of the processes of industry. Led by America but reflected in lesser degree throughout the entire world, there has developed in the past few years a great rising tide of productive earning power with an increasing margin of savings per capita which has certainly been translated into security of industry and the security of employment which rests upon industry.

It is increasingly clear that by the service of science and invention to industry and by the development of large-scale production, distinctly American, the assuredness of employment and the creation by employment of a living margin beyond current consumption is manifestly in-

creasing. More and more clear it becomes that the average worker, besides providing for the current needs of himself and his dependents, is adding to national income and national wealth an annual margin that increases steadily in size and in sureness. This clear tendency to annual increase is shown in its long-range view by this comparison:

The income annually per capita in
the United States rose as follows:

1850.....	\$ 95;
1870.....	174;
1890.....	192;
1900.....	332;
1918.....	586.

In this extraordinary increase in production and earnings per individual lies the explanation of our marvelous recovery of the past twelve months from a condition of four million unemployed in this country to a production of two and a half million automobiles easily marketed. In this trend is the explanation of the extraordinary placing of fifteen million phonographs within the past few years in the homes of this country. On this extraordinary earning rests the spectacular establishment of moving picture theatres on every corner of American cities for the amusement expenditures which surplus earnings alone can provide.

Moreover, there are measures which show the same trend in lesser extent throughout the chief countries of the world. Taking the tables of comparison up to the outbreak of the world war, the annual percents of increase in per capita income of these chief countries were as follows:

United Kingdom	1914 above 1895 by 21%;
France	1913 above 1893 by 21%;
Germany	1913 above 1896 by 52%;
United States	1910 above 1890 by 116%.

If you will recall that these increases in national income which mean national earnings, are stated in ratios of increase per capita spread against the entire population including those dependents who do not themselves produce, you will realize the enormous swelling tide of increasing contribution to world wealth this tendency represents.

A moment's thought also will confirm to you a realization of the quickening aid to earning power by continued discoveries in science and invention which will accelerate this margin of productive earnings in the future.

Moreover, you will agree with me that in recent years, by the service of science and invention to industry, the earning power of every grade of man is greatly enlarged. The small percentage of men

of superior directing ability, of extraordinary capacity to develop and direct producing industries, has been made effective by manifold. Such men, by telephone and telegraph, the automobile, the fast train, the time and labor-saving devices of all kinds, and by the standardization of production which has followed chemical and engineering exactness, make their directing genius effective in a score of plants, where their fathers were confined to one.

Men of low mentality, formerly, because of their undesirability, often out of work half the year, and a burden on the community half of that, today find steady employment in the mechanical processes of large industry, doing a simple task, in the intricate process of assembly of such highly perfected production as the automobile, and earning the wage of skilled mechanics.

Between these two grades, and all along the line of relative ability, the margin of production service and of earning power has greatly enlarged in the last few years, and therefore the contribution to national annual income and to national wealth is distinctly on the increase.

Moreover, there is the great earning contribution possible in a more scientific and more just method of elimination of

waste in production. Not alone the elimination of waste by the utilization of by-products through the service of science and chemistry, but the elimination of waste through such human errors as strikes and inadequate transportation, and frozen credits, all of them problems which, in spite of their increasing magnitude, are increasingly better understood and better met.

If we then accept the fact that judged by national income and national wealth America has established a leadership far in advance of the same trend in the balance of the world, we have then the responsibility of analyzing whether this wealth production is equitably distributed as far as human society will permit. Here again we have between our census indications certain measures that submit themselves to the analysis of everyday judgment.

For instance, between 1900 and 1920, the census figures of the United States indicate these things:

Our population increased 40 percent;

The volume of our food production increased 38 percent; so that our home food supplies are secure.

The volume production of our mines increased by 128 percent, indicating an assuredness of supplies for our manufacturing industries.

The volume of our manufactured

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products in 1920 exceeded by 95 percent the production of 1900.

Using this data as a basis we reach these conclusions:

Extending in mathematical ratio that increasing production in manufactured products, indicates that in the twenty years of that industrial era we produced one thousand percent increase above the annual production level of 1900.

Deducting from that volume of manufactured products the articles of current consumption, such as food and clothing, we reach a conviction that, by 1920, there had accumulated such additions to articles of common use that the average individual of 1920 possessed three times the articles contributing to his necessities, convenience and comforts that the individual of 1900 possessed. You may check this roughly by your own observation as to the recent enlarged introduction to general use of such conveniences as bathrooms, plumbing, electricity in various forms, telephones, phonographs, automobiles, and a thousand other things.

This swelling tide of factory production absorbed into the markets of America is of itself the truest indication of widespread earning and buying power. Manifestly, such volumes of articles of common use could not be produced and sold

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if the buying-power in America were confined in the hands of a wealthy few. It is of itself a convincing evidence of the distribution of wealth more widely than the world has ever before seen.

The American farm has not been backward in adopting the appliances of invention in the elimination of costly manual labor. The four million dollars invested in implements and machinery on American farms, as shown in the census of 1920, is one evidence of the adaptability of American farming methods. The plow of a generation ago which guided by a single man covered a single acre in a single day has been largely replaced by the tractor covering eight to ten acres per day with a single man. The old-style hand planting of corn which seeded two acres per day has been replaced by the check-rower which will cover eighteen to twenty acres per day.

It is an interesting analysis and, whether absolutely accurate or not, at least shows a great and vital trend in production methods and production costs, that it has been stated that the average wheat crop of today requires less than the equivalent of ten million days labor, which by the methods of 1830 and before the invention of agricultural machinery would have required 130 million days instead. That is, that since agricultural

machinery has been perfected one man by American methods may do the work of fifteen under the old hand fashion.

This speed of completion of work places the farmer in a more independent position in respect to weather. The hard-surface road and the motor truck introduces a measure of independence from weather conditions at time of marketing. The telegraph and the telephone and the security of properly recorded market quotations vastly enlarge the farmer's marketing opportunity as to time and place and price.

The day will come and soon, when there will be a proper recognition in prosperity returns to the American farmer for the study and effort and adaptability which the American farmer has shown. In the meantime, it is of first importance that in the disadvantage which price disparity has temporarily placed upon the farmer, he should not strike blindly at the very agencies which have made his past record secure and on which rest his real hopes for the future.

No influence has been so potent in creating the era of over-rigid and unwise regulation of railroads from which we are today suffering as that of the American farm. Transportation agencies which had lifted the produce of farms a thousand

miles from an ocean port and had contributed its service in enabling those farms to sell their export surplus in the competitive markets of Europe against the products of cheap-labor countries such as India, the Argentine and Russia, might well be touched with great sympathy and great care, indeed.

Nothing in the whole history of state-owned and government-controlled railroads of the old world produces the important transportation economies which the development of special types of facilities and special methods of handling have written on American railroads. For instance, in 1870 the average railroad car was 65% dead weight of car and 35% of earning load. In 1922 a special type of ore and coal car had been perfected which was only 20% dead weight of car and 80% of earning load.

The increase in ton miles carried by American railroads from 142 thousand million ton miles in 1900 to 413 thousand million ton miles in 1920 shows an extraordinary expansion of facilities in the face of enormous difficulties, which entitles those roads to have their problems studied with great care, indeed.

No one can today properly argue that these transportation channels shall not be subject to a measure of regulation but

one may properly claim in our own intelligent self-interest that that regulation must be fair and generous.

Moreover, a comparison of the development of methods of tonnage and of cost on American railroads compared with state-owned roads anywhere in the world, leads one to appreciate the great necessity of preserving a field of attraction in transportation which shall enlist that superior grade of ability, initiative, resourcefulness and energy which in the processes of industry has created the splendid record of industrial attainment translated into human progress.

If we are right today that the disparity of farm prices rests primarily upon the fact that the broken-down industries of Europe do not provide the buying-power which lifts American farm surplus at profitable prices, then no section of our people has the vital interest which our American farm has in trying to restore that buying-power in Europe.

For four years the business men of this country have urged with great conviction and with a sincere devotion to national welfare, that America's great influence and its moral leadership should be injected in Europe by advice and counsel in quickening the processes of restoration.

For four years the backbone of opposition to any so-called entanglement in Europe has been the American farm which, as a result of the non-action of America, has been also since the chiefest sufferer.

Certainly those who have had the interest of the American farm at heart have tried all the domestic devices which promised relief. There have been special financial legislation, special railroad legislation and unconstitutional attacks upon trading on exchanges. While some of these measures secured apparent temporary relief, they are after all in the aggregate relatively futile and ineffective.

The problem must for permanent solution be attacked at its root, and correction secured by rebuilding the foundation of buying-power in Europe's three million consumers. It is no credit to our national common-sense and no credit to our powers of orderly everyday observation that we have refused to apply the methods of everyday business contact in our relations with our chief debtors and our chief markets.

At home we know that problems are solved by reasonable and fair-minded men discussing those problems in conference and agreeing upon steps towards their solution. But, in some mysterious and regrettable way a tradition was

created that economic and business problems between nations would not submit to examination and solution by the joint efforts of able representatives thus gathered together under any form of contact without involving us in some mysterious relation described as entanglements. But this course has cost America and particularly the American farm untold millions of money and an aggregate of human perplexity and suffering, individual distress and individual disaster.

It is small satisfaction that today some leaders of the farm group raise their belated voices for cooperation in Europe after their long delay, itself, has created new and enormous difficulties. Problems which up to a few months ago were solely economic, now, by enforcement policies of our former allies, despairing of other solution than by violence, partake of a political complexion as well.

There have been new national affronts and new racial antagonisms raised, adding thus to difficulties placed in the way of helpful leadership by the one great disinterested nation of the world, ourselves.

Our own period of national isolation and the evidence that no responsible executive officers could contract for a national policy which was certain of con-

firmation in our national Congress, has certainly lost us the leadership of which we were once possessed. America had so much in its own national history and its national experience which would have been helpful to these newly established states of Europe and helpful in showing them the folly of social and economic theories which peoples not used to self-government were determined to put into play!

For instance, we have ourselves been through the depreciated currency experience. When our new government in 1790 offered to redeem the fantastic paper currency of its predecessor at the generous redemption figure of one cent on the dollar, it developed that ninety percent of the paper tokens of our earlier government had been used for purposes of derision. You may depend upon it the lesson was not lost upon succeeding administrations that our colonial period used as wall paper the par equivalent of seventy million dollars of national currency, an enormous sum in the standards of that time.

We had the record clear of what such wrecking of individual thrift and savings, through reckless paper flotations, meant in stifling the individual impulse of people to work and to save.

The fantastic currency quotations of forty thousand German marks, seventy thousand Austrian crowns and fifty million Russian rubles to the honest American dollar, makes a spectacular chapter in political economy, but behind those quotations lie the millions of instances of wrecked individual prospects, of destroyed home life, and of the suffering and despair of millions of normal people.

Last week, the press announced that the two great German steamship lines were preparing to redeem their pre-war mark bonds. These bonds represent undoubtedly savings accounts and trust funds of various kinds. When they were established, they represented the equivalent of thirty-two and one-half million dollars gold value. Today, to pay them off requires less than seven thousand dollars gold. How can one expect individual impulse to work or to save to survive such demonstrations on every hand that follow in these countries with dishonest currency inflation?

These immoral and destructive financial policies are the natural outgrowth of the easy philosophy of socialism and communism. Under that theory, the State assumes public services of various kinds, overloads those services with superfluous dependents, provides those services at

less than the cost of maintenance, all under the easy social philosophy that the State's chief care is the support and provision for every individual.

In Russia, especially, this social panacea has been carried to its utmost logical conclusion. Concerning itself chiefly about the distribution of the product of labor and of effort, the State confiscated the product of every man's production and thus destroyed the production, leaving nothing to distribute.

A great agricultural country itself, possessed of iron and ore and metals, the official statements of its agents at the Genoa Conference comprised these items:

The production of agricultural implements 11% of the pre-war;

The production of plows 6% of the pre-war;

The production of iron 2% of the pre-war.

Although possessed of vast resources of idle labor and great stretches of natural forests, its roadbeds have so deteriorated that a large number of newly purchased, heavy locomotives imported from Germany have been idle on the sidetracks of Petrograd because the existing railroads cannot maintain their weight.

History fails to record any similar utter and total collapse of the life of the

whole social structure of a people, such as Russia has written in its actual trial of communistic theories of government.

Now, if, against this record of utter wreck under those social theories abroad, we have succeeded in maintaining and advancing the American standard of living which is the envy and despair of the world; if under American initiative we have protected the American farm a thousand miles from the seaboard against the competition of better-placed areas of cheap labor; if we have increased the ratio of earnings per capita and the aggregate of national welfare as no other country has ever seen, and if, with it all there exists the undoubted proof that national wealth is more equitably distributed for common use than can be cited elsewhere; then, there rests on us a great and sober responsibility to maintain the conditions under which this history has been developed.

America is possessed by the favor of nature with great natural resources. So have other nations, but although possessing these resources they have nevertheless not made them available for human service to the same extent.

America is possessed of a fortunate geographical position to be sure. But, in other lands, the exposure of great

stretches of sea-coast has been the occasion of naval armaments which have fastened a burden of taxation around the throat of industry. In other lands, three thousand miles of land frontier has been made the occasion of standing armies and of a military training which has lifted productive labor from industry into the idle menace of standing military forces. For ourselves, such a frontier has only been the occasion of friendly rivalry and perfect understanding between ourselves and a branch of that great empire with whom twice we have been embroiled in war without establishing traditional distrust and dislike.

These accomplishments at home and these relations abroad are not the products of accident but are the outgrowth of a social and political philosophy in the relation of government to industry and to the individual peculiarly American, the conception that government exists primarily for the preservation of a field of equal opportunity in which the individual can make effective his own willingness to effort guided by his own character and ability.

There has been a definite conviction that, therefore, the primary function of government is one of preservation of fair play for that individual accomplishment.

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This whole philosophy stimulates the individual because in a fair field he is assured of a reward for superior service to society and a reward apportioned through the natural processes of trade and not bestowed or withheld in any human judgment. This field of opportunity must be vigilantly preserved for those millions of young people who come after us, aspiring to something better than the common lot.

With the clear record of the destruction of industry and of human opportunity, which Europe has written under the actual trial of easy social theories, there should be in America added confidence in our own philosophy of American individualism.

Theorists in our own commonwealth continually attempt to write into legislation some adaptations of these measures whose recorded failures should manifestly condemn them utterly. I suggest to all Americans a ready test to apply uniformly to all proposed legislative or administrative acts, namely—Is such exercise of government essential to the preservation of fair play and of equal opportunity?

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